



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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**STATE TREASURER ANGELIDES, MAYOR VILLARAIGOSA,
SUPERVISOR MOLINA AND COUNCILMEMBER PERRY CELEBRATE
\$500 MILLION PUBLIC / PRIVATE PARTNERSHIP INVESTMENT
REVITALIZING DOWNTOWN LOS ANGELES**

*Opening of New 66-Unit Loft Project in Downtown Los Angeles' South Park District is Part of
\$11 Billion State Urban Investment Strategy Spurred By Treasurer Angelides'
Double Bottom Line Initiative*

LOS ANGELES – California State Treasurer Phil Angelides joined Mayor Antonio Villaraigosa, Los Angeles County Supervisor Gloria Molina and Los Angeles City Councilmember Jan Perry at the new Grand Lofts project in downtown Los Angeles to celebrate the success of a public/private partnership that has invested more than \$500 million in housing and retail projects in the South Park District of downtown. The Grand Lofts, a 66-unit residential project, is the latest in a series of residential and commercial developments – financed through a partnership between the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), and the CIM Urban Real Estate Fund – that are transforming the once blighted neighborhood into an up and coming residential community.

The state's pension funds' investments in the Grand Lofts and the South Park neighborhood are part of an overall urban investment strategy spurred by Treasurer Angelides' *Double Bottom Line Initiative*, launched in May of 2000. That initiative has directed more than \$11 billion to urban neighborhoods across the state that had historically been overlooked by investors and has generated positive financial returns for pensioners and taxpayers. A recent report from CalPERS showed that the fund's inner city real estate investments are yielding returns of more than 20 percent annually.

"The success of the State's investments in downtown Los Angeles prove once again that we can do well by doing good. Our pension funds urban real estate investments are achieving *Double Bottom Line* success – generating solid earnings for taxpayers and pensioners, and creating housing, jobs and economic opportunity in California's urban neighborhoods," said Angelides.

CIM Urban Real Estate Fund and Lee Homes, with support from the state's two pension funds, turned the former UCLA Extension classroom building at 1100 Grand Avenue into the already

sold-out Grand Lofts development. The CIM/pension fund partnership has already completed two projects in the South Park neighborhood: the Gas Company Lofts with 251 affordable housing units and the 91-unit Flower Street Lofts. The partnership is also developing the Market Lofts at 9th and Hope streets, which will include a Ralph's grocery store and 267 condominiums and the Sky Lofts at 801 Grand, a mixed-use high-rise office and residential complex. The partnership's projects in the South Park neighborhood will ultimately add more than 1,600 residential units to the downtown area.

"Phil's commitment to invigorating California's economy -- coupled with his innovative ideas for doing so -- exemplify the visionary leadership he has provided for California," said Supervisor Molina. "He's proven that it's possible to grow the state employees' pension fund and our local economy simultaneously. He's carried through on an important promise. That's what leadership is truly about."

"This valuable program mutually benefits our state pension system while fueling our local economy by creating housing and job opportunities. A project like the Grand Avenue Lofts is a great example of what this type of investment creates. We are building a residential community and continuing our efforts to revitalize our urban core," said Councilwoman Perry.

"CIM Group's investment strategy is to focus on projects that serve to transform urban districts. Our targeted investments in the South Park District are an excellent example as they have helped strengthen and revitalize downtown Los Angeles while providing solid returns for the State's pension funds," said Avi Shemesh, principal of the CIM Group.

As part of the Treasurer's *Double Bottom Line* investment strategy, Angelides successfully urged both CalPERS and CalSTRS, the nation's largest and third-largest pension funds, to adopt a goal of investing two percent of their investment portfolios in domestic emerging markets – communities that have struggled to attract investment capital, but that hold great potential for financial returns and economic success – and to make significant real estate investments in California's urban neighborhoods. As a part of this overall initiative, CalPERS and CalSTRS dramatically expanded their urban real estate investments.

For example, CalPERS has directly invested approximately \$1.2 billion of equity into urban real estate projects which have a total asset value of approximately \$4.4 billion. The vast majority of CalPERS' investment, \$783 million, has been in California communities. CalPERS has committed a total of approximately \$3.4 billion to its California urban real estate investments – up from \$50 million when Treasurer Angelides took office in 1999.

The *Double Bottom Line Initiative* is now looked to as a model for public and private sector investment officials across the country, and earned Treasurer Angelides the National Inner City Leadership Award from the Initiative for a Competitive Inner City in 2003.

More information on the Treasurer's Double Bottom Line investment initiative is available online at: http://www.treasurer.ca.gov/publications/dbl/five_years.pdf.

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